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SUBJECT: UNMIK FACILITATES OUTREACH TO NORTH KOSOVO SERBS

SENSITIVE BUT UNCLASSIFIED, PROTECT ACCORDINGLY

11. (SBU) SUMMARY. On April 19 UNMIK hosted the first meeting of the Mitrovica Focus Group to encourage engagement between northern Kosovo Serb leaders and the international community.

The regional CCK representative, the mayors of the three northern Serb-majority municipalities and the UNMIK advisory board chairman described the difficulties faced in their region, including lack of infrastructure and employment opportunities, and pitched specific projects to potential international donors. The European Commission (EC) representative said the EC has already pledged 10.5 million euros, and has more money potentially available for projects that facilitate integration. END SUMMARY.

MITROVICA FOCUS GROUP TO ENGAGE NORTH KOSOVO SERB LEADERS

12. (SBU) On April 19 Pol/Econ Chief, PolOff and PolFSN attended the first meeting of the Mitrovica Focus Group (MFG) at UNMIK regional headquarters in south Mitrovica. The meeting was chaired by UNMIK regional representative (and retired FSO) Jerry Gallucci. Gallucci said he has engaged directly with Kosovo Serb leaders in the north (under instruction from SRSG Jessen-Petersen), including Belgrade negotiating team member and President of the Association of Serb Municipalities Marko Jaksic and head of the Serb National Council (SNV) Milan Ivanovic (both EO-listed). Gallucci said his outreach objectives are to maintain peace and calm in Mitrovica, engage in crisis management and ensure that problems there do not spill over into the rest of Kosovo.

13. (SBU) Gallucci said he believes the international community (IC) should also engage more directly with northern Serb leaders with a view to resolving some of the practical problems they face. He suggested the international community fund small, high impact infrastructure projects in the north. Gallucci said in 2005 the SRSG provided 100,000 euro to each of the three northern municipalities from the SRSG's contingency funds and said he will ask for additional funding this year.

FUNDING FOR PARALLEL INSTITUTIONS

¶4. (SBU) When E/P Chief noted some of the project proposals would fund Serbia-based (i.e. "parallel") institutions such as "Elektrokosmet" facilities, Gallucci responded that grants could be tailored to donor requirements. He noted UNMIK recognizes the Kosovo Police Service (KPS) in the north contains members who simultaneously work for the Serbian Ministry of Interior (MUP); however, he said the KPS is the most accepted UNMIK institution operating in the north. (COMMENT. One of the major challenges of the final status process is to adapt parallel institutions to whatever future is worked out for Kosovo. There is general international agreement that the Kosovo budget, as strictly a practical matter, cannot afford to absorb the total cost of services provided by the parallel system. The 48 electricity projects put forward at the MFG meeting for funding in northern Kosovo present an ironic example of a parallel institution that is evidently indirectly looking for help in serving its constituents. END COMMENT.)

"NORTHERN KOSOVO IS NOT PART OF KOSOVO"

¶5. (SBU) Gallucci predicted that once final status is determined later this year, the problem will be to keep the north from slipping away. He said it is a "reality that northern Kosovo is not part of Kosovo." He said the north is not integrated into the rest of Kosovo, and there is no longer any fixed NATO presence in the north. He added there must be an IC presence in northern Kosovo after status is determined, and said the MFG initiative will help develop

PRISTINA 00000338 002 OF 003

relationships with leaders who are willing to cooperate.

¶6. (SBU) A European Commission (EC) representative attending the meeting said "we cannot close our eyes to de facto partition" and added the current situation will cause enormous difficulties for UNMIK's successor, probably the EU. Gallucci responded that the problem was created in 1999 when NATO failed, in his view, to take control of the north; and he said he lacks the wherewithal, money and personnel to displace parallel institutions today. He said UNMIK's main objective is to prevent further violence, and thereby prevent further displacements of Kosovo Serbs.

¶7. (SBU) Gallucci said he has had some success in his efforts to encourage the northern leaders to engage with Kosovo institutions. For example, he is assisting the three northern mayors to participate in the Kosovo Consolidated Budget (KCB) process, and to go to Pristina for training on the KCB. He has also organized three successful meetings of the six northern mayors (three Serb and three Albanian) to discuss technical issues related to regional water management.

NORTHERN MAYORS DISCUSS INFRASTRUCTURE NEEDS

¶8. (SBU) After meeting with the international representatives, Gallucci invited in the Kosovo Serb leaders. These included Momir Kasalovic, Mitrovica region head of the Kosovo Coordination Center (CCK); Dragisa Milovic, mayor of Zvecan; Slavisa Ristic, mayor of Zubin Potok; Velimir Bojovic, mayor of Leposavic; and Srboljub Milenkovic, newly elected chairman of the UNMIK north Mitrovica Advisory Board (UAM). All of the mayors expressed gratitude for the opportunity to discuss economic development, as opposed to politics.

¶9. (SBU) The mayors all highlighted similar problems in their jurisdictions, including high unemployment (especially among youth), as well as poor road conditions, housing and

infrastructure. They mentioned possibilities for investment, including livestock breeding, fruit farming and tourism; saying these would create opportunities and enable returns. The municipalities proposed specific projects, including rehabilitation of roads, sewage systems, water supply, electricity networks, schools and houses; and income generation projects such as markets, milk factories, and fresh fruit storage facilities.

¶10. (SBU) Milovic said that 3,000 Zvecan inhabitants lost their jobs when the Trpca lead mines closed, and said their greatest need is new jobs. He mentioned the lack of sports facilities in the north, and linked that to increasing drug use among youth.

¶11. (SBU) Ristic said development plans for Zubin Potok are based on the municipality's natural resources, including water, forests and tourism. He said specific problems include school overcrowding, the need for a health care facility and lack of housing for social welfare cases. He blamed KFOR for the deteriorated road conditions.

¶12. (SBU) Bojovic said Leposavic has several small factories which use raw materials brought in from Serbia and export the finished products back to Serbia. He said UNMIK tariffs at the administrative boundary line (ABL) on both imports and exports raise the prices and make their goods uncompetitive.

¶13. (SBU) Milenkovic said the UAM budget for capital investment in north Mitrovica for 2006 is only 10,000 euros. He said the pre-war economy of Mitrovica was centered in the south, and the economy in the north has been "dead" since ¶1999. He said north Mitrovica needs a middle school, green market, trade center, sports hall, theater and more parking.

EC PLEDGES FUNDING

PRISTINA 00000338 003 OF 003

¶14. (SBU) At the close of the meeting, the EC representative said the EC has already pledged 10.5 million euros to fund projects in north Mitrovica and Zvecan. He said additional funding is available, but expressed concern that the projects should facilitate further integration of northern Kosovo municipalities into the rest of Kosovo.

¶15. (SBU) COMMENT. Kosovo's three northern municipalities, de facto separated from Kosovo, are a potentially enormous problem, and the MFG is one small but concrete step aimed at improving relations with them. Serbs in the north need positive incentives to engage with the international community and with Pristina-based Kosovo institutions. The willingness of the northern leaders to participate in the MFG is a positive development, but is based on the belief that participation will result in funding. USOP will continue to support and monitor the development of the MFG. END COMMENT.

¶16. (U) Post clears this message in its entirety for release to Special Envoy Ahtisaari.
GOLDBERG